



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 8, 2000

H.R. 3595

A bill to increase the authorization of appropriations for the Reclamation Safety of Dams Act of 1978, and for other purposes

As ordered reported by the House Committee on Resources on June 21, 2000

SUMMARY

H.R. 3595 would authorize the appropriation of \$380 million (plus additional amounts to account for inflation), and raise the total authorization level for the Dam Safety Program from its current ceiling of \$650 million. H.R. 3595 also would authorize the government to spend repayment receipts from beneficiaries of new dam safety projects while a project undergoes construction, require the Bureau of Reclamation to charge interest on new capital costs attributed to irrigation needs, and make other changes to the Dam Safety Program.

Assuming appropriation of the authorized level, CBO estimates that implementing H.R. 3595 would cost \$168 million over the 2001-2005 period, and an additional \$257 million after 2005. CBO expects that enacting H.R. 3595 would increase direct spending by about \$5 million over the 2001-2005 period. Because H.R. 3595 would affect direct spending, pay-as-you-go procedures would apply.

H.R. 3595 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Some state and local governments would probably incur additional costs as a result of the bill's enactment, but these costs would stem from voluntary contractual agreements with the federal government.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3595 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars				
	2001	2002	2003	2004	2005
SPENDING SUBJECT TO APPROPRIATION					
Spending Under Current Law					
Estimated Authorization Level ^a	63	65	6	0	0
Estimated Outlays	62	64	29	8	1
Proposed Changes					
Estimated Authorization Level	0	0	62	70	72
Estimated Outlays	0	0	37	61	70
Spending Under H.R. 3595					
Estimated Authorization Level	63	65	68	70	72
Estimated Outlays	62	64	66	69	71
CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	0	0	1	2	2
Estimated Outlays	0	0	1	2	2

a. The 2001-2003 levels are CBO's estimates of the bureau's use of its remaining authority under the Dam Safety Program.

BASIS OF ESTIMATE

CBO expects that the current authorization ceiling for the Dam Safety Program of \$650 million will be met in fiscal year 2003, and that appropriations for additional amounts that would be authorized by the bill would begin in fiscal year 2003. Estimates of discretionary outlays are based on information from the Bureau of Reclamation and the historical spending pattern of this program.

Because H.R. 3595 would authorize the bureau to spend all repayment receipts while new projects undergo construction, CBO estimates that enacting the bill would increase direct spending. Based on information from the bureau, CBO expects that about 25 percent of project beneficiaries would choose to prepay their obligations as a result of the bureau's new authority to spend repayments during construction. (This may allow construction of some projects to be completed faster.) These prepayments would change the timing of total repayment receipts to the federal government, increasing receipts in the short term and decreasing receipts in the long term. Including these prepayments along with regular scheduled repayments, CBO estimates that the authority to spend all new project repayments would cost \$36 million over the next 10 years.

H.R. 3595 would require the bureau to charge interest on capital costs attributed to irrigation needs, so we estimate that enacting the bill also would increase offsetting receipts by about \$12 million over the same 10-year period. These estimates are based on information from the bureau, and assume that project beneficiaries repay their obligations over a 25-year period. According to the bureau, about 15 percent of these projects' capital costs are repaid by project beneficiaries, and irrigation users contribute 59 percent of this repayment.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net change in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	0	0	1	2	2	3	3	4	4	5
Changes in receipts	Not applicable										

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3595 contains no intergovernmental or private-sector mandates as defined in UMRA. As a result of this legislation, amounts paid by irrigators to reimburse the federal costs of dam safety projects would include interest. Some of these beneficiaries would be public entities. The additional costs, however, would stem from voluntary contractual agreements with the Bureau of Reclamation.

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